

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

Open Session

January 11, 2006

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, January 11, 2006 beginning at 9:30 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

George B. Beardsley, President
Denise S. Maes, First Vice President
Thomas A. Gougeon, Vice President
Penfield Tate, Vice President
Harris D. Sherman, Vice President

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager
P. L. Wells, General Counsel
D. B. LaFrance, Director of Finance
E. E. Pokorney, Director of Planning
M. L. Bassett, Director of Public Affairs
B. Good, Director of Operations and Maintenance
J. L. Diebel, Director of Engineering
C. R. Dermody, Director of Information Technology
C. Elam-Floyd, Manager of Human Resources
A. T. Spaulding, Manager of Purchasing
S. Duncan, Intergovernmental Affairs Coordinator
L. Firth, Manager of Community Relations
S. Renouf, Community Affairs Specialist
M. L. Walker, Attorney
M. Hoddinott, Hydraulic Engineer
H. C. Teigen, Chief of Distribution and Property Management
M. Frishman, Attorney
B. McCann, Law Clerk, Legal Division
W. G. Bates, Water Resource Engineer

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L. Dirks, Water Resource Engineer
K. O. Balu, Human Resource Specialist
T. L. McGuire-Collier, Manager of Media Relations
M. McAllister, Community Relations
D. Kaunisto, East Cherry Creek Valley Water and Sanitation District
Dave Romero, Denver Parks and Recreation
Deb Pilon, Willows Water District
Joe Anderson, Denver Resident

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of December 14, 2005, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Executive Session of December 14, 2005, were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Annual Meeting of December 14, 2005 was dispensed with and such Minutes were approved.

On behalf of the entire Board, Commissioner Beardsley welcomed Commissioner Sherman to his first meeting as a member of the Board of Water Commissioners and commented on the long history and expertise of Commissioner Sherman in the area of natural resource issues and his extensive community involvement.

Public Comment

In response to Commissioner Beardsley's invitation to address the Board regarding matters not included in the Agenda for the meeting, Joe Anderson, a resident in the Sloans Lake area commented regarding the impact on water levels of the changeover from treated water to nonpotable water from Sloans Lake for irrigation of the park lands. Mr. Anderson explained that in 2003 the Parks Department changed its source of water for park irrigation from the potable water system to the Sloans Lake source. Sloans Lake is filled from the Rocky Mountain Ditch, and according to Mr. Anderson, there is no current means to measure inflow to the lake from the ditch. Mr. Anderson alleged

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that Denver Water and the Parks Department had entered into an agreement in 2003 regarding the change of water source, and did so without notifying the Sloans Lake neighborhood of the change. Mr. Anderson discussed water availability from the Rocky Mountain Ditch and asked that the Board hold a public hearing regarding the impact of the change of supply.

Mr. Barry, Mr. Pokorney and Mr. Dirks all commented that the issues raised by Mr. Anderson were issues with the Denver Parks Department, and not with Denver Water. The changeover was made by the Parks Department after consulting with Denver Water, and not as a result of an Agreement between the parties.

Commissioner Beardsley thanked Mr. Anderson for his comments and suggested that the facts at issue needed to be determined. Commissioner Beardsley asked that Staff provide a report to the Commissioners. There were no other comments from the public.

CEREMONY

Commissioner Beardsley complimented the staff for receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the comprehensive annual report for the fiscal year ended December 31, 2004.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM V-C-1: RECOMMENDED ADJUSTMENTS IN SYSTEM DEVELOPMENT CHARGES FOR 2006**
Commissioner Beardsley reported that consideration of adjustments to system development charges would be postponed to the February meeting.
2. **ITEM V-D-1: AMENDMENT TO THE EXSTREAM SOFTWARE INC. SOFTWARE SUPPORT AND MAINTENANCE AGREEMENT**
Approved a one year extension to the December 22, 2004 Agreement with Exstream Software, Inc., for the purchase and maintenance of Dialogue Software at an additional cost to the Board of \$32,000.

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3. **ITEM V-D-2: AMENDMENT TO XEROX CORPORATION LEASE AGREEMENTS**

Approved extension of the June 22, 2000 contract (05999A) and the December 19, 2000 contract (05999B) with Xerox Corporation for an additional year at an additional cost of \$41,400 for Contract No. 05999A and \$126,000 for Contract No. 05999B.

4. **ITEM V-D-3: PURCHASE OF WATER METER REGISTERS AND ACCESSORIES**

Authorized award of a contract to National Meter and Automation, Inc. to furnish Badger meter registers, ERT's and meter repair parts for the large meter replacement program and for stock, at the unit prices set forth in the attachment to Agenda Item V-D-3 dated January 11, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "A," for a total contract amount not to exceed \$265,705.81, such award being based upon best price, acceptable delivery and compliance with specifications.

5. **ITEM V-D-4: AWARD OF CONTRACT FOR WASTE DISPOSAL SITE**

Rejected the bid of Patrick Broda for failure to comply with specifications, and authorized award of a contract to Albert Frei and Sons, Inc. to provide a site for and disposal of spoils and solid waste removed from Denver Water construction sites for the contract period February 1, 2006 through January 31, 2008, at a cost of \$79 per trailer load for all types of loads, and a total contract amount not to exceed \$600,000, such award being based upon lowest price for all loads and compliance with specifications.

Commissioner Beardsley asked Staff to provide a report to the Commissioners regarding the cost per cubic yard for solid waste disposal.

6. **ITEM V-D-5: AWARD OF CONTRACT FOR HAULING SERVICES**

Authorized award of a contract to DRK Trucking to provide contract hauling services within the Denver Metropolitan area for removal and disposal of spoils and solid waste from Denver Water construction sites and delivery of squeegee sand and aggregate base course for delivery to the Denver Westside storage yards and other designated locations for the contract period February 1, 2006 through January 31, 2008, at the prices set forth in the tabulation of bids for proposal No. 08579A, dated January 3, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "B," for a

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total estimated contract amount not to exceed \$1,450,000, such award being based upon best price and compliance with specifications.

7. **ITEM V-D-6: TEMPORARY POTABLE WATER LEASE AGREEMENT
WITH EAST CHERRY CREEK VALLEY WATER AND SANITATION
DISTRICT**

With Commissioners Gougeon, Maes, Sherman and Tate voting "Aye" and Commissioner Beardsley abstaining because of the possible appearance of a conflict involving a former business relationship with the Inverness Water and Sanitation District, approved a Temporary Potable Water Lease Agreement with East Cherry Creek Valley Water and Sanitation District, providing for a three-year temporary lease of up to 1000 acre-feet of potable water per year, with an option for the Board to extend the contract for three additional one-year periods, all as more particularly described in the Temporary Lease, a copy of which is attached to and incorporated in these Minutes as Exhibit C."

Mr. Pokorney explained that East Cherry Creek is constructing a pipeline from the area near Barr Lake to its District. The water East Cherry Creek is importing from the Barr Lake area will require treatment for hardness. If East Cherry Creek is able to blend Denver's water with the water it is developing, it may be able to defer, temporarily, the construction of facilities necessary for treatment of water for hardness. Staff explained construction of the pipeline is necessary for East Cherry Creek to meet the Board's non-reliance test. Ms. Wells explained that the one-year extensions will only be made after the initial three-year lease period if the Board notifies East Cherry Creek by June 30th of each year that it will have water available for the coming year. The June 30th notification is required in order to give Denver Water time to acquire sufficient information regarding water availability upon which to base its decision.

In response to questions from the Commissioners, Mr. Kaunisto, the District Manager, reported the Northern Pipeline commenced construction in March of 2005. The pipeline has additional annual capacity available. East Cherry Creek and other South Metro water providers (Inverness Water & Sanitation District, Cottonwood Water & Sanitation District, Centennial Water & Sanitation District, The Town of Castle Rock, Arapahoe Water Authority, and Stonegate) participated in over sizing the pipeline. Additional annual capacity is still available, and East Cherry Creek has met with the Town of Parker

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regarding use of that additional capacity. At the present time, it does not appear that the City of Aurora will participate in the use of the pipeline because Aurora intends to import nonpotable rather than potable water from north of the metropolitan area.

Mr. Pokorney commented regarding discussions with water providers diverting water from the South Platte River downstream of the metropolitan area and the need to explore the possibility of a regional water treatment facility. Mr. Pokorney reported that Denver Water has been working with several of the northeast sector providers to address that issue.

8. **ITEM V-D-7: RATIFICATION OF CONSTRUCTION CONTRACT
CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified construction contract change orders and amendments to Agreements authorized by the Manager in November 2005 as follows:

Change Order No. 4 to the contract with Glacier Construction, Inc., for the Eleven Mile Dam outlet works renovation;

Change Order No. 5 to the contract with T. Lowell Construction, Inc., for valve vault modifications on Conduits No. 28 and 27;

Change Order No. 2 to the contract with Central Fire Protection Contractors, Inc., for the fire system modifications at the Foothills Treatment Plant;

Change Order No. 1 to the contract with Master Electrical Contractors for the valve house standby generator replacement at Strontia Springs Dam;

Change Order No. 3 to the contract with Wilderness Construction Company for the Metro Sewer Effluent Pump Station HVAC and roof replacements;

Change Order No. 2 to the contract with Jennison Construction Company, Inc. for construction of the Recycling Plant Solids Drying Beds;

Change Order No. 1 to the contract with Cat Lake, Inc., for construction of the compacted clay liner for Cat Reservoir; and

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Amendment to the August 1, 2004 Agreement with Compel LLC for the purchase and installation of the Alcatel phone system.

all as more particularly described in Agenda Item V-D-7, dated January 11, 2006, a copy is attached to and incorporated in these Minutes as Exhibit "D."

9. **ITEM V-D-8: CHANGE ORDER NO. 2 TO THE DESIGN BUILD CONTRACT FOR THE CONSTRUCTION OF A COMPACTED CLAY LINER FOR CAT RESERVOIR**

Authorized Change Order No. 2 to the contract with Cat Lake, Inc. for constructing the compacted clay liner for Cat Reservoir in the amount of \$46,834.00, all as more particularly described in the Change Order, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."

Mr. Diebel circulated photos showing the ongoing work by Cat Lake, Inc., in

the construction of the clay liner at Cat Reservoir. Mr. Walker provided an overview of the downstream reservoir project, describing both location and status of completion of the various facilities. Mr. Walker explained that as the gravel mining is completed Denver Water and South Adams will be constructing infrastructure facilities necessary to be able to operate the reservoirs for water supply purposes.

10. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated January 11, 2006, a copy of which is attached to and incorporated in these minutes as Exhibit "F," effective the pay period ending **December 31, 2005** unless otherwise noted.

11. **ITEM V-E-2: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective **JANUARY 1, 2006**, unless otherwise noted:

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Employee Name	Employment Date	Retirement Plan Participation Date	Division/Section
Luke Adams, #62327	06/06/2005	06/06/2005	T&D Construction & Maintenance #710
Jimmie Loftus, #62336	06/13/2005	06/13/2005	T&D Construction & Maintenance #710
Charles Pfaff, #623335	6/13/2005	6/13/2005	Buildings Maintenance #870

12. **ITEM V–F–1: DESIGNATION OF PLACES FOR POSTING NOTICES OF MEETINGS**

Designated the following as places of posting notices of meetings for 2006, pursuant to the Colorado Open Meetings Law:

1. In the glass enclosed bulletin board near the main entrance to the Administration building at 1600 West 12th Avenue;
2. On a bulletin board near the elevators on the first floor of the City and County Building; and
3. On a bulletin board in room 451 on the fourth floor of the City and County Building.

13. **ITEM VI–B–1: DISCUSSION AND INFORMATION: LEGISLATIVE MATTERS**

Ms. Duncan reported regarding matters which could involve Denver Water that are anticipated to be the subject of legislation in the 2006 General Assembly, including recreational in-channel diversions, temporary fallowing for water rights purposes, water quality, basin of origin, and the need to replenish monies into the ESA Trust Fund. Ms. Duncan will provide regular updates to the Commissioners regarding the status of legislative matters.

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14. **ITEM VI-C-1: DISCUSSION AND INFORMATION:
DROUGHT/CONSERVATION**

Mr. Pokorney reported the early season snowpack in both the South Platte and the Colorado River watersheds above Denver Water's facilities continues to be above average. Copies of graphs indicating the snowpack in both watersheds were provided to the Commissioners and the public and are attached to and incorporated in these Minutes as Exhibits "G" and "H." Mr. Pokorney further commented that Denver Water's reservoirs are at 86% of full and in the period October through December, 2005 demand for water continued to be between 15 and 20% below average. The runoff forecasting mechanisms will be discussed with the Board at the January 25 study session.

Ms. Bassett reported that water conservation rebates are anticipated to go into effect by the end of January, and irrigation use studies for 2005 are being wrapped up. Ms. Bassett then introduced Linda Firth, who reported regarding a new educational website launched by Denver's Channel 7 News, regarding Colorado's Water. The website is co-sponsored by Denver Water, the Colorado Foundation for Water Education, and the Northern Colorado Water Conservancy District, Aurora Water and the City of Boulder. Two clips providing information regarding the website were run.

15. **ITEM VI-D-1: CITIZENS' ADVISORY COMMITTEE APPOINTMENTS**
By unanimous vote the Board reappointed to a second term on the Citizens' Advisory Committee the following individuals:

Myrna Poticha, as environmental representative; and

Roberta Simonton, as a Denver citizen representative.

The Board appointed Deborrah Pilon, Manager of Willows Water District to an initial term as Suburban Distributor Representative. Ms. Pilon was introduced to the Commissioners. The terms of the appointments are from January 2006 through December 2008.

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16. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of December 31, 2005" as set forth in Agenda Item VI-F-1 dated January 11, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "I."

17. **ITEM VI-F-2: DISCUSSION AND INFORMATION: STATUS OF CONTRACT WORK**

The Board was furnished with the Status of Contract Work Report dated January 11, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "J":

18. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2005 Budget Status Summary for the period ending December 31, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "K."

19. **ITEM VI-F-4: DISCUSSION AND INFORMATION: NEW CONTRACT SUMMARY**

The Commissioners received the New Contract Summary for contracts between \$10,000 and \$100,000 for the Fourth Quarter of 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

20. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed a Study Session will take place on **Wednesday, January 25, 2006**, at **9:00 a.m.** in the Three Stone Buildings, 1600 W. 12th Avenue, Denver, Colorado. The topics to be discussed will be those related to the CIS project, physical and cyber security, snow pack and runoff methodology, disinfection by-product rules and issues of with consecutive users. The Board may adjourn the Study Session to meet to discuss some of the listed issues in Executive Session.

The Board confirmed that the regular meeting would take place on **Wednesday, February 8, 2006**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

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No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 11:06 a.m.

EXECUTIVE SESSION

On Wednesday, January 11, 2006, commencing approximately at 11:16 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Proposals for disposition of Board Property, § 24-6-402(4)(a)
2. Negotiations with Xcel Energy regarding water and power
§ 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:15 p.m.

President

Secretary